

Downtown Center Business Improvement District

BOARD OF DIRECTORS MEETING

MINUTES

October 3, 2007

Board of Directors

Steve Hathaway, Peter Zen, Barbara Bundy, A. Bingham Cherrie, Robert Cushman, John Goldrick, Kent Handleman, Robert Hanasab, Marc Loge, Sandy Nam, Steve Provencio, Carol Schatz, and Patrick Spillane

Absent

Harry Richter, Robert Bellack, John Curthoys, Frank Frallicciardi, David Damus, Sonny Astani, and Colin Shepherd, Peklar Pilavjian, Marc Loge, Jeffrey Griswold, and Anne Peaks

Staff

Hong Zhao, Jon Niirro, Ken Nakano, Hal Bastian, Bobby Ortiz, Heidi Nixon, and Leticia Orozco

Guests

John Day, L & R Investment Company

CALL TO ORDER

Hathaway called the meeting to order with a quorum at 7:36 a.m. and introduced guest speaker, Captain Jodi Wakefield, LAPD.

GUEST SPEAKER CAPTAIN WAKEFIELD'S COMMENTS:

Overall, Central area has seen a YTD reduction of 26% in crime, both violent and property.

Skid Row has seen a reduction of 32%, which translates into 1,000 fewer victims of crime. Captain Wakefield will be attending a news conference to commemorate the one-year anniversary of the Safer Cities Initiative today.

LAPD will be entering into the second phase of Safer Cities. After focusing on enforcement, enhancement, and outreach, LAPD will now exert its energies to address the "anchors," homeless individuals who are shelter-resistant and continue to aggressively panhandle. LAPD has created an aggressive panhandling task force to address the issues associated with homelessness, to include outreach services. Also, LAPD has a vending unit to confront those who produce and sell counterfeit DVDs, clothing, and other merchandise. A recent count by LAPD found a 30-person decrease of the homeless population in Downtown; the latest count was 737. LAPD plots the

location of the homeless population. As a result, LAPD is able to track any up ticks in the population and is prepared to immediately address newly formed homeless encampments.

Questions for Captain Wakefield:

Hathaway: The issue of overcrowded prisons and subsequent early release is a concern to all who have a vested interest in Downtown LA, because many of the released inmates are released into Downtown.

Wakefield: The early release of prisoners continues to pose a challenge for Sheriff Baca (Los Angeles County Sheriff's Department) who is tasked with working with other government agencies to figure out how to keep prisoners in and not simply release them into Downtown as a result of overcrowding. The challenge for LAPD is to identify who is arrested, processed, and going through the court system, many of which begin the process outside of Downtown LA. It is a complicated problem that LAPD struggles to deal with, but there are no immediate or easy solutions. Central division has the highest percentage of parolees throughout the western region. Chief Bratton is aware of the issue and is involved in ongoing discussions with Chief Baca to address the problem. LAPD attempted to get a grant (in conjunction with Union Rescue Mission) for a van to assist with transportation to where the recently released individuals originated. The grant was denied. LAPD keeps track of homeless people in the area, physically counting and plotting the location of individuals; they are often in the same place. These are the people we try to connect with services. The only option may be to incarcerate them, but only as a last resort.

PRESIDENT'S REPORT

Schatz reported the following:

Nelson & Sixta has commenced production of new Downtown video.

Bastian and Nixon attended the **International Downtown Association** conference in NYC, September 13th – 18th. Bastian was in New York for 6 days; he saw one homeless individual and was not solicited even once.

With the firing of Gloria Jeff (head of Department of Transportation) the efforts to bring taxis to Downtown is in question. Jeff previously agreed to create a working group to explore the issue.

The 8th annual **Public Safety Appreciation Barbecue**, October 26th, will take place on plaza level of 7+FIG at Ernst & Young Plaza.

DCBID received a contentious email from one of the founders of the Jules Verne Film Festival. The email accused CCA of not providing enough support and assistance. Quite the opposite has been the case. CCA has provided generous assistance in terms of providing invaluable contact and making beneficial introductions, particularly to BP and Chevron. DCBID had allocated \$35,000 for the festival to assist with costs. Rather than provide a lump sum, DCBID agreed to pay costs as invoices were received. Thus far, \$5,000 has been paid by DCBID. CCA has suspended assistance for Jules Verne,

pending a meeting and approval from the Board of Directors to continue to provide support.

Bundy recommended that funds and support be withheld until Schatz and Bastian have an opportunity to meet with Jules Verne organizers and report to the Board. Board members agreed.

COMMITTEE REPORTS

ECONOMIC DEVELOPMENT

Bastian reported the following:

Bastian and Nixon attended **International Downtown Association** conference in NYC, September 13th – 18th and gained valuable insight.

Nelson & Sixta have commenced production of new Downtown video. Interviewees have accepted invitations to participate.

Bastian and Justin Weiss attended the International **Council of Shopping Centers Convention** in San Diego, September 19th – 20th.

Downtown Living Marketing Center pitch took place on September 25th. Cliff Boman proposed a location at 7th and Grand (5,000 sq ft). Boman's presentation was costly. CCA's concept is for the creation of a one-stop shop where consumers can come in and understand the neighborhoods of Downtown LA. CCA will give Boman until the end of October to see if he can generate enough interest in his project, so CCA does not compete with him. If not, CCA will revisit moving forward with the one stop concept.

Los Angeles is an exception to the declining housing market. LA sales remain positive. 16,00 people of affluence live in Downtown LA.

Bottega Louie Restaurant & Gourmet completed a deal for 10,000 square feet at 7th and Grand.

Conditional-use permits: KOR has a building on 6th and Main/LA, which has submitted applications for permits for sit-down restaurants serving alcohol. The Zoning Administrator rejected the application for two reasons: it was near a community of recovery and the providing liquor licenses would put the recovering community at risk of relapse; also, any improvements to the neighborhood would impact the value of property, which would go up and put pressure on affordable housing. Bastian testified in front of the Area Zoning Administrator, who overturned the earlier decision.

The kick-off meeting for the **Annual Fall Program and Tour** took place in September. The program will take place in late November. More to follow.

MARKETING

Nixon reported the following:

Giant Village Nocturnal Music Festival, Saturday, September 29th, had a larger than expected turnout. Estimates range between 20,000—25,000 people attended the event.

Discussion:

CPT Wakefield noted that while the event was, in large part, successful and created minimal impact on the surrounding community given the size of the crowds and the length of the event, there were issues with teen-age drug use. CPT Wakefield advocated that event organizers place limits on performers, restrict attendees to 21 and over, and impose an earlier curfew for the event. This would serve to mitigate many of the problems that occur at similar events.

LAPD will support the opening event at the NOKIA Theatre on October 18th by providing the maximum number of LAPD personnel. However, LAPD cannot provide this level of support on an ongoing basis. Responding to Board member concerns regarding the traffic impact after major events in Downtown, Wakefield noted that managing traffic falls under the auspice of the Department of Transportation.

Nixon reported the following (continued):

Between 20,000 – 25,000 patrons attended the **Grand Avenue Festival, September 30th**.

The 8th annual **Public Safety Appreciation Barbecue** will take place on October 26th on plaza level of 7+FIG at Ernst & Young Plaza. Lunch will be provided by **Arnie Morton's Steakhouse** and **California Pizza Kitchen**.

FINANCE

Jon Niirio the August 31, 2007 Financials (YTD):

Net Revenue:	\$2.1 million
Total Revenue:	\$4.9 million
Total Expenses:	\$2.9 million
Public Safety:	\$1.07 million
Maintenance:	\$638,928

Overall, \$152,000 above net revenue projections as of August 31, 2007

Motion to approve the budget by Zen, seconded by Handleman. Unanimously approved.

2008 Revised Budget

The approved 2008 budget was completed in fall 2006, which coincided with BID renewal effort. Staff took a look to evaluate the budget and made revisions. The contract with Southpark BID will likely be terminated by the end of the year. It is anticipated that Tim Leiweke's staff will address safety and maintenance issues for

Southpark in the coming year. When the contract ends, \$103,000 will disappear from the DCBID budget, which has shown up in Administration. The budget proposes the following:

- Two additional officers for night patrol, which reflects that Downtown L.A. is becoming a 24/7 downtown. Currently, there are only 2 officers patrolling after 9pm. The addition of two safety officers at night would impact response times by 50%. Currently, response times are between two and three minutes. Two additional security personnel would cut response times in half.
- The addition of another information kiosk. As it stands, there is only one functional kiosk, which gives directions, information on participating cultural venues, brochures. The kiosk uses handheld computers to provide visitors with information. Because of success for a 65 sq block area, another kiosk would increase the availability of information about Downtown to a wider audience. Existing personnel would staff an additional kiosk.
- Upgrade to the CAD network at the Service Center. The hardware was purchased three years ago (cost of \$156,000) and while software upgrades, which are free, have been made, hardware upgrades still need to be made. Current workstations do not meet the requirements of the upgraded software. The upgrades will allow improvements for real-time reporting for better tracking of events in Downtown.

DCBID projects a cash reserve of \$973,000 by year's end. A large reserve undercuts the basic premise of the BID. If reserves were reduced to the \$500,000 ceiling, that would leave a net reserve of \$493,000. With net assessment revenue of roughly \$5.5 million and expenses of \$5.7 million, there is a deficit of \$202,325 (actual deficit is roughly \$138,000, see below); subtract that from the \$473,00 reserve, leaves a surplus reserve of \$270,675.

Safe & Clean accounts for 59.7% of the budget. Marketing and Communications budgets have declined since 1998. The Administration budget has increased slightly, but costs reflect salaries and benefits. No increase in assessment rate is required. DCBID has not added in a cost of living increase, which almost all other BIDs routinely approve. Since 1998, DCBID has only asked for only 3 increases, reflecting conservative spending.

Given the roughly \$200,000 deficit and continued spending at this rate, by year three any surplus would be gone. Initial estimates required a 5% increase in the 2008 budget, but revenue came in 10% over earlier projections, but increases will probably be necessary within the next 2-3 years.

With the loss of the contract with Southpark, DCBID will experience a reduction of \$103,000 in revenue. Safety and maintenance is marked up in the contract. The revenue that is generated is used against administration costs. UPS personnel go away, and DCBID loses the revenue. The revenue portion would offset the cost associated with the fees that DCBID incurs. This is the portion of revenue that DCBID collected: a 15% markup in addition to roughly \$3,000 dollar administration fee of \$36,000 plus the roughly \$70,000-80,000.

Southpark pays DCBID \$103,000. However, Southpark did incur expenses of approximately \$60,000 against DCBID books in terms of extra patrol, garbage collection, etc. The offset is close to \$40,000 that DCBID receives in profit.

The Southpark contract is factored into the DCBID budget as a 10% reduction of the total Administration cost, but it may or may not have been equal to the actual service.

When the budget was originally conceived, DCBID could not project the termination of the Southpark contract. The expense is already built into the Safe and Clean budget, so the program is over budget by roughly \$65,000. The original deficit of \$202,000 is actually closer to \$140,000. It would be erroneous to assume that the \$65,000 was not taken from the expense side as an oversight. It has been accounted for, but it has been added back onto Administration. That's why administration costs are going up.

While there is the possibility of reducing Safe and Clean, DCBID is trying to maintain similar levels of service and safety to the previous year. Based on the trends from 2006, it was anticipated that there would be a net deficit of \$417,000. In actuality, it was only \$87,000, so there is a \$330,000 swing that accounts for this revenue. Almost \$200,000 was prior year assessments that were finally collected in 2006. Based on the 2006 budget, it was anticipated that cuts would need to be made going into '07 and '08 budgets, which were both done at the same time. The Southpark contract has been cut, but that will not affect personnel since the \$65,000 remains in the Safe and Clean budget. The 2008 Budget deficit is roughly \$138,000.

Zen proposed the following budget motion:

- Make necessary upgrades to the CAD network to improve real-time reporting for better tracking of events in Downtown.
- Add two additional nighttime security personnel as originally proposed, but also add two additional (for a total of **four additional** nighttime security personnel) security personnel, since the personnel allotment is already in the Safe and Clean budget. This would bring the **total number of nighttime security personnel to six**. The added personnel will increase safety, reduce response times, and create a heightened security presence in Downtown L.A.
- Do not add a new information kiosk.

The motion to approve the motion was seconded by Spillane and unanimously approved.

There was a motion to approve the minutes from the September 5, 2007 Board of Directors meeting by Spillane, seconded by Bundy. The motion was unanimously approved.

OPERATIONS

Nakano reported the following:

Nakano had the privilege to participate in the 8th annual “**Law Enforcement & Private Security**” conference, September 20th @ Wilshire Grand. He took part in a “terrorism prevention” training with LAPD, FBI and UPS and completed a walk-through of a terrorism scenario to be able to respond in the event of a terrorist attack in Downtown. Downtown is prepared to respond to a major terrorist event in terms of coordinating exodus and emergency services.

OLD BUSINESS

No old business.

NEW BUSINESS

In the past, the Board has discussed reestablishing an Operations Committee. There was a committee, but it was disbanded. There is the concern that perhaps there is a need for the reestablishment of the Operations Committee to discuss long-term planning and look at strategic approaches for the BID. Safe and Clean accounts for roughly 60% of the budget, so it makes sense to have a committee to that addresses these issues.

Spillane volunteered to provide oversight of Operations.

ADJOURNMENT

The next meeting will take place on November 7, 2007 at 8:00 a.m.

The meeting was adjourned at 9:31 a.m.